



House of Representatives

General Assembly

File No. 183

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Substitute House Bill No. 7025

House of Representatives, March 23, 2017

The Committee on Insurance and Real Estate reported through REP. SCANLON of the 98th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT AUTHORIZING DOMESTIC INSURERS TO DIVIDE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2017*) As used in this section
2 and sections 2 to 9, inclusive, of this act:

3 (1) "Capital" means the capital stock component of statutory
4 surplus, as defined in the National Association of Insurance
5 Commissioners Accounting Practices and Procedures Manual, version
6 effective January 1, 2001, and subsequent revisions;

7 (2) "Commissioner" means the Insurance Commissioner;

8 (3) "Divide" or "division" means a transaction in which a domestic
9 insurer divides into two or more resulting insurers;

10 (4) "Dividing insurer" means a domestic insurer that approves a
11 plan of division pursuant to section 3 of this act;

12 (5) "Entity", unless the context otherwise requires, means: (A) A
13 business corporation; (B) a nonprofit corporation; (C) a general
14 partnership, including a limited liability partnership; (D) a limited
15 partnership, including a limited liability limited partnership; (E) a
16 limited liability company; (F) a business trust or statutory trust entity;
17 (G) an unincorporated nonprofit association; (H) a cooperative; or (I)
18 any other person who has a separate legal existence or the power to
19 acquire an interest in real property in his or her own name other than:
20 (i) An individual; (ii) a testamentary, inter vivos or charitable trust,
21 with the exception of a business trust, statutory trust entity or similar
22 trust; (iii) an association or relationship that is not a partnership solely
23 by reason of the law of any other state or jurisdiction; (iv) a decedent's
24 estate; or (v) a government, governmental subdivision, agency,
25 instrumentality or a quasi-governmental instrumentality;

26 (6) "Filing entity" means an entity that is created by filing a public
27 organic document;

28 (7) "Governance interest" means the right under the organic law or
29 organic rules of an entity, other than as a governor, agent, assignee or
30 proxy, to: (A) Receive or demand access to information concerning, or
31 the books and records of, the entity; (B) vote for the election of the
32 governors of the entity; or (C) receive notice of or vote on issues
33 involving the internal affairs of the entity;

34 (8) "Governor", with respect to an entity, means a person: (A) By or
35 under whose authority the powers of an entity are exercised; and (B)
36 under whose direction the business and affairs of the entity are
37 managed pursuant to the organic law and organic rules of the entity;

38 (9) "Interest", unless the context otherwise requires, means: (A) A
39 governance interest in an unincorporated entity; (B) a transferable
40 interest in an unincorporated entity; or (C) a share or membership in a
41 corporation;

42 (10) "Interest holder" means a direct holder of an interest;

43 (11) "Liability" means a debt, obligation or any other liability arising
44 in any manner, regardless of whether it is secured or contingent;

45 (12) "New insurer" means a domestic insurer that is created by a
46 division occurring on or after October 1, 2017;

47 (13) "Organic law" means the section of the general statutes, if any,
48 other than this section and sections 2 to 9, inclusive, of this act and
49 sections 34-601 to 34-646, inclusive, of the general statutes, governing
50 the internal affairs of an entity;

51 (14) "Organic rules" means the private organic rules and public
52 organic document of an entity;

53 (15) "Private organic rules" means the rules, whether or not in a
54 record, that govern the internal affairs of an entity, are binding on all
55 of its interest holders and are not part of its public organic document,
56 if any;

57 (16) "Property" means all property, whether real, personal or mixed,
58 tangible or intangible, or any right or interest therein, including rights
59 under contracts and other binding agreements;

60 (17) "Public organic document" means the public record, the filing of
61 which creates an entity, and any amendment to or restatement of such
62 public record;

63 (18) "Record" means information that is inscribed on a tangible
64 medium or that is stored in an electronic or other medium and is
65 retrievable in perceivable form;

66 (19) "Resulting insurer" means a new insurer or a dividing insurer
67 that survives a division;

68 (20) "Shareholder" means the person in whose name shares are
69 registered in the records of a corporation or the beneficial owner of
70 shares to the extent of the rights granted by a nominee certificate on
71 file with a corporation;

72 (21) "Sign" or "signature" includes any manual, facsimile, conformed
73 or electronic signature;

74 (22) "Surplus" means total statutory surplus less capital stock,
75 adjusted for the par value of any treasury stock, calculated in
76 accordance with the National Association of Insurance Commissioners
77 Accounting Practices and Procedures Manual, version effective
78 January 1, 2001, and subsequent revisions;

79 (23) "Transfer" includes an assignment, conveyance, sale, lease,
80 encumbrance, including a mortgage or security interest, gift or transfer
81 by operation of law; and

82 (24) "Transferable interest" means the right under an entity's organic
83 law to receive distributions from the entity.

84 Sec. 2. (NEW) (*Effective October 1, 2017*) (a) Any domestic insurer
85 may, in accordance with the requirements of sections 1 to 9, inclusive,
86 of this act, divide into two or more resulting insurers pursuant to a
87 plan of division.

88 (b) (1) Each plan of division shall include: (A) The name of the
89 domestic insurer seeking to divide; (B) the name of each resulting
90 insurer that will be created by the proposed division; (C) for each new
91 insurer that will be created by the proposed division, its: (i) Proposed
92 public organic document, if the new insurer will be a filing entity; and
93 (ii) proposed private organic rules; (D) the manner of allocating
94 between or among the resulting insurers: (i) The property of the
95 domestic insurer that will not be owned by all of the resulting insurers
96 as tenants in common pursuant to section 6 of this act; and (ii) those
97 policies and other liabilities of the domestic insurer to which not all of
98 the resulting insurers will be jointly and severally liable pursuant to
99 subdivision (3) of subsection (a) of section 7 of this act; (E) the manner
100 of distributing interests in the new insurers to the dividing insurer or
101 its interest holders; (F) a reasonable description of policies or other
102 liabilities, items of capital, surplus or other property the domestic
103 insurer proposes to allocate to a resulting insurer; (G) all terms and

104 conditions required by the laws of this state or the organic rules of the
105 domestic insurer; and (H) all other terms and conditions of the
106 division.

107 (2) If the domestic insurer will survive the division, the plan of
108 division shall include, in addition to the information required by
109 subdivision (1) of this subsection: (A) All proposed amendments to the
110 dividing insurer's public organic document and private organic rules,
111 if any; (B) if the dividing insurer desires to cancel some, but less than
112 all, interests in the dividing insurer, the manner in which it will cancel
113 such interests; and (C) if the dividing insurer desires to convert some,
114 but less than all, interests in the dividing insurer into interests,
115 securities, obligations, money, other property, rights to acquire
116 interests or securities, or any combination thereof, a statement
117 disclosing the manner in which it will convert such interests.

118 (3) If the domestic insurer will not survive the proposed division,
119 the plan of division shall contain, in addition to the information
120 required by subdivision (1) of this subsection, the manner in which the
121 dividing insurer will cancel or convert interests in the dividing insurer
122 into interests, securities, obligations, money, other property, rights to
123 acquire interests or securities, or any combination thereof.

124 (c) Terms of a plan of division may be made dependent on facts
125 objectively ascertainable outside the plan in accordance with
126 subsection (l) of section 33-608 of the general statutes, as amended by
127 this act.

128 (d) A dividing insurer may amend a plan of division in accordance
129 with any procedures set forth in the plan or, if no such procedures are
130 set forth in the plan, in any manner determined by the governors of the
131 dividing insurer, except that an interest holder that was entitled to vote
132 on or consent to approval of the plan of division is entitled to vote on
133 or consent to any amendment of the plan that will change: (1) The
134 amount or kind of interests, securities, obligations, money, other
135 property, rights to acquire interests or securities, or any combination
136 thereof, to be received by any of the interest holders of the dividing

137 insurer under the plan; (2) the public organic document, if any, or
138 private organic rules of any resulting insurer that will be in effect
139 when the division becomes effective, except for changes that do not
140 require approval of the interest holders of the resulting insurer under
141 its organic law or organic rules; or (3) any other terms or conditions of
142 the plan, if the change would adversely affect the interest holders in
143 any material respect.

144 (e) (1) A dividing insurer may abandon a plan of division after it has
145 approved the plan without any action by the interest holders and in
146 accordance with any procedures set forth in the plan or, if no such
147 procedures are set forth in the plan, in a manner determined by the
148 governors of the dividing insurer.

149 (2) A dividing insurer may abandon a plan of division after it has
150 delivered a certificate of division to the Secretary of the State by
151 delivering to the Secretary of the State a certificate of abandonment
152 signed by the dividing insurer. The certificate of abandonment shall be
153 effective on the date it is filed with the Secretary of the State, and the
154 dividing insurer shall be deemed to have abandoned its plan of
155 division on such date.

156 (3) A dividing insurer may not abandon its plan of division once the
157 division becomes effective.

158 Sec. 3. (NEW) (*Effective October 1, 2017*) (a) Except as provided in
159 subsection (b) or (c) of this section, a domestic insurer shall not file a
160 plan of division with the commissioner unless such plan has been
161 approved in accordance with: (1) All provisions of its organic rules; or
162 (2) if its organic rules do not provide for approval of a division, all
163 provisions of its organic law and organic rules that provide for
164 approval of a merger.

165 (b) Interest holder approval of a plan of division is not required
166 unless: (1) The organic rules of the domestic insurer require such
167 approval; (2) the plan makes an amendment to the organic rules
168 requiring such approval; or (3) either: (A) The domestic insurer will

169 not survive the proposed division and all interests and other securities
170 and obligations, if any, of the new insurers will be owned solely by the
171 dividing insurer; or (B) the domestic insurer has only one class of
172 interests outstanding and the interests and other securities and
173 obligations, if any, of each new insurer will not be distributed pro rata
174 to the interest holders.

175 (c) (1) If any provision of the organic rules of a domestic insurer
176 adopted before October 1, 2017, requires that a specific number or
177 percentage of governors or interest holders approve the proposal or
178 adoption of a plan of merger, or imposes other special procedures for
179 the proposal or adoption of a plan of merger, such insurer shall adhere
180 to such provision in proposing or adopting a plan of division.

181 (2) If a provision of any debt security, note or similar evidence of
182 indebtedness for money borrowed, whether secured or unsecured,
183 indenture or other contract relating to indebtedness, or a provision of
184 any other type of contract other than an insurance policy, annuity or
185 reinsurance agreement, that was issued, incurred or executed by the
186 domestic insurer before October 1, 2017, requires the consent of the
187 obligee to a merger of the insurer or treats such a merger as a default,
188 that provision applies to a division of the insurer as if such division
189 were a merger.

190 (3) If any provision described in subdivision (1) or (2) of this
191 subsection is amended on or after October 1, 2017, such provision shall
192 thereafter apply to a division only in accordance with its express
193 terms.

194 Sec. 4. (NEW) (*Effective October 1, 2017*) (a) A division shall not
195 become effective until it is approved by the commissioner after
196 reasonable notice and a public hearing, if such notice and hearing are
197 deemed by the commissioner to be in the public interest. Except as set
198 forth in this section, any hearing conducted under this section shall be
199 conducted in accordance with chapter 54 of the general statutes.

200 (b) (1) The commissioner shall approve a plan of division unless the

201 commissioner finds that: (A) The interest of any policyholder or
202 interest holder will not be adequately protected; or (B) the proposed
203 division constitutes a fraudulent transfer under sections 52-552a to 52-
204 552l, inclusive, of the general statutes.

205 (2) With respect to the dividing insurer, the commissioner shall: (A)
206 Apply sections 52-552a to 52-552l, inclusive, of the general statutes to
207 the dividing insurer only in its capacity as a resulting insurer if the
208 dividing insurer will survive the proposed division; and (B) not apply
209 sections 52-552a to 52-552l, inclusive, of the general statutes to the
210 dividing insurer if the dividing insurer will not survive the proposed
211 division.

212 (3) With respect to each resulting insurer, the commissioner shall, in
213 applying sections 52-552a to 52-552l, inclusive, of the general statutes,
214 treat: (A) The resulting insurer as a debtor; (B) liabilities allocated to
215 the resulting insurer as obligations incurred by a debtor; (C) the
216 resulting insurer as not having received a reasonably equivalent value
217 in exchange for incurring such obligations; and (D) property allocated
218 to the resulting insurer as remaining property.

219 (c) Except for a plan of division and any materials incorporated by
220 reference into or otherwise made a part of such plan, all information,
221 documents, materials and copies thereof submitted to, obtained by or
222 disclosed to the commissioner in connection with proceedings under
223 this section shall be confidential and shall not be available for public
224 inspection.

225 (d) All expenses incurred by the commissioner in connection with
226 proceedings under this section, including expenses for the services of
227 any attorneys, actuaries, accountants and other experts not otherwise a
228 part of the commissioner's staff as may be reasonably necessary to
229 assist the commissioner in reviewing the proposed division, shall be
230 paid by the dividing insurer filing the plan of division. A dividing
231 insurer may allocate expenses described in this subsection in a plan of
232 division in the same manner as any other liability.

233 (e) If the commissioner approves a plan of division, the
234 commissioner shall issue a certificate of approval to the dividing
235 insurer on a form prescribed by the commissioner.

236 (f) The commissioner shall not approve a plan of division unless the
237 commissioner issues to each new insurer that will be created by the
238 proposed division a license to transact insurance business in this state
239 pursuant to section 38a-41 of the general statutes. The commissioner
240 may waive application of this subsection to a new insurer that will not
241 survive a merger under subsection (d) of section 38a-153 of the general
242 statutes, as amended by this act.

243 Sec. 5. (NEW) (*Effective October 1, 2017*) (a) After a plan of division
244 has been adopted and approved under sections 1 to 4, inclusive, of this
245 act, an officer or duly authorized representative of the dividing insurer
246 shall sign a certificate of division.

247 (b) The certificate of division shall set forth: (1) The name of the
248 dividing insurer; (2) a statement disclosing whether the dividing
249 insurer will survive the division; (3) the name of each new insurer that
250 will be created by the division; (4) the date on which the division is to
251 be effective, which shall not be more than ninety days after the
252 dividing insurer has filed the certificate of division with the Secretary
253 of the State; (5) a statement that the division was approved by the
254 dividing insurer in accordance with section 3 of this act; (6) a statement
255 that the division was approved by the commissioner in accordance
256 with section 4 of this act; (7) if the dividing insurer is a filing entity and
257 will survive the division, any amendment to its public organic
258 document approved as part of the plan of division; (8) for each new
259 insurer created by the division that is a filing entity, its public organic
260 document, provided the public organic document need not state the
261 name or address of an incorporator of a corporation, organizer of a
262 limited liability company or similar person with respect to any other
263 type of entity; (9) if a new insurer is a domestic limited liability
264 partnership, its certificate of limited liability partnership; and (10) a
265 reasonable description of the capital, surplus, other property and

266 policies and other liabilities of the dividing insurer that are to be
267 allocated to each resulting insurer.

268 (c) The public organic document, if any, of each new insurer must
269 satisfy the requirements of the laws of this state, provided such
270 document need not be signed or include any provision that need not
271 be included in a restatement of such document.

272 (d) A certificate of division is effective when filed with the Secretary
273 of the State or on such other date specified in the plan of division,
274 whichever is later, provided a certificate of division shall become
275 effective not more than ninety days after it is filed with the Secretary of
276 the State. A division is effective when the relevant certificate of
277 division is effective.

278 Sec. 6. (NEW) (*Effective October 1, 2017*) (a) When a division becomes
279 effective pursuant to subsection (d) of section 5 of this act: (1) If the
280 dividing insurer has survived the division: (A) It continues to exist; (B)
281 its public organic document, if any, shall be amended as provided in
282 the certificate of division; and (C) its private organic rules, if any, shall
283 be amended as provided in the plan of division; (2) if the dividing
284 insurer has not survived the division, its separate existence ceases to
285 exist; (3) each new insurer: (A) Comes into existence; (B) shall hold any
286 capital, surplus and other property allocated to it as a successor to the
287 dividing insurer, and not by transfer; (C) its public organic document,
288 if any, and private organic rules, if any, shall be effective; and (D) if it
289 is a limited liability partnership, its certificate of limited liability
290 partnership shall be effective; (4) capital, surplus and other property of
291 the dividing insurer: (A) That is allocated by the plan of division
292 either: (i) Vests in the new insurers as provided in the plan of division;
293 or (ii) remains vested in the dividing insurer; (B) that is not allocated
294 by the plan of division: (i) Remains vested in the dividing insurer, if
295 the dividing insurer survives the division; or (ii) is allocated to and
296 vests equally in the resulting insurers as tenants in common, if the
297 dividing insurer does not survive the division; or (C) vests as provided
298 in this subsection without transfer, reversion or impairment; (5) a

299 resulting insurer to which a cause of action is allocated as provided in
300 subdivision (4) of this subsection may be substituted or added in any
301 pending action or proceeding to which the dividing insurer is a party
302 when the division becomes effective; (6) the policies and other
303 liabilities of the dividing insurer are allocated between or among the
304 resulting insurers as provided in section 7 of this act and the resulting
305 insurers to which policies or other liabilities are allocated are liable for
306 those policies and other liabilities as successors to the dividing insurer,
307 and not by transfer; and (7) the interests in the dividing insurer that are
308 to be converted or canceled in the division are converted or canceled,
309 and the interest holders of those interests are entitled only to the rights
310 provided to them under the plan of division and any appraisal rights
311 they may have pursuant to section 8 of this act.

312 (b) Except as provided in the organic law or organic rules of the
313 dividing insurer, the division does not give rise to any rights that an
314 interest holder, governor or third party would have upon a
315 dissolution, liquidation or winding up of the dividing insurer.

316 (c) The allocation to a new insurer of capital, surplus or other
317 property that is collateral covered by an effective financing statement
318 shall not be effective until a new financing statement naming the new
319 insurer as a debtor is effective under sections 42a-9-101 to 42a-9-809,
320 inclusive, of the general statutes.

321 (d) Unless otherwise provided in the plan of division, the interests
322 in and any securities of each new insurer shall be distributed to: (1)
323 The dividing insurer, if it survives the division; or (2) the holders of the
324 common interest or other residuary interest of the dividing insurer that
325 do not assert appraisal rights, pro rata, if the dividing insurer does not
326 survive the division.

327 Sec. 7. (NEW) (*Effective October 1, 2017*) (a) Except as provided in this
328 section, when a division becomes effective, a resulting insurer is
329 responsible: (1) Individually for the policies and other liabilities the
330 resulting insurer issues, undertakes or incurs in its own name after the
331 division; (2) individually for the policies and other liabilities of the

332 dividing insurer that are allocated to or remain the liability of that
333 resulting insurer to the extent specified in the plan of division; and (3)
334 jointly and severally with the other resulting insurers for the policies
335 and other liabilities of the dividing insurer that are not allocated by the
336 plan of division.

337 (b) If a division breaches an obligation of the dividing insurer, all of
338 the resulting insurers are liable, jointly and severally, for the breach,
339 provided the validity and effectiveness of the division shall not be
340 affected by the breach.

341 (c) A direct or indirect allocation of capital, surplus, property, or
342 policies or other liabilities in a division is not a distribution for
343 purposes of the organic law of the dividing insurer or any of the
344 resulting insurers.

345 (d) Liens, security interests and other charges on the capital, surplus
346 or other property of the dividing insurer are not impaired by the
347 division, notwithstanding any otherwise enforceable allocation of
348 policies or other liabilities of the dividing insurer.

349 (e) If the dividing insurer is bound by a security agreement
350 governed by Article 9 of title 42a of the general statutes, or Article 9 of
351 the Uniform Commercial Code as enacted in any other jurisdiction,
352 and the security agreement provides that the security interest attaches
353 to after-acquired collateral, each resulting insurer is bound by the
354 security agreement.

355 (f) Except as provided in the plan of division and specifically
356 approved by the commissioner, an allocation of a policy or other
357 liability does not: (1) Affect the rights under other law of a
358 policyholder or creditor owed payment on the policy, or payment of
359 any other type of liability or performance of the obligation that creates
360 the liability, except that those rights are available only against a
361 resulting insurer responsible for the policy, liability or obligation
362 under this section; or (2) release or reduce the obligation of a reinsurer,
363 surety or guarantor of the policy, liability or obligation.

364 Sec. 8. (NEW) (*Effective October 1, 2017*) (a) A shareholder of a
365 dividing insurer is entitled to appraisal rights and to obtain payment
366 of the fair value of that shareholder's shares, pursuant to sections 33-
367 855 to 33-868, inclusive, of the general statutes, if the dividing insurer
368 is a business corporation.

369 (b) (1) An interest holder of a dividing insurer that is not a business
370 corporation is entitled to contractual appraisal rights in connection
371 with a division to the extent provided: (A) In the dividing insurer's
372 organic rules; (B) in the plan of division; or (C) by action of its
373 governors.

374 (2) If an interest holder is entitled to contractual appraisal rights
375 under subdivision (1) of this subsection and the organic law of the
376 dividing insurer does not provide procedures for the conduct of an
377 appraisal rights proceeding, sections 33-855 to 33-868, inclusive, of the
378 general statutes shall apply to the extent practicable or as otherwise
379 provided in the insurer's organic rules or plan of division.

380 Sec. 9. (NEW) (*Effective October 1, 2017*) The commissioner may
381 adopt such regulations, in accordance with chapter 54 of the general
382 statutes, as are necessary to carry out the provisions of sections 1 to 8,
383 inclusive, of this act.

384 Sec. 10. Section 38a-153 of the general statutes is repealed and the
385 following is substituted in lieu thereof (*Effective October 1, 2017*):

386 (a) Any domestic insurance company may, with the prior approval
387 of the commissioner, merge or consolidate with one or more other
388 domestic insurance companies or with one or more foreign or alien
389 insurance companies that are either authorized to do an insurance
390 business in this state, or are not authorized to do an insurance business
391 in this state provided the resulting corporation is a corporation of this
392 state and the laws of the other jurisdictions so permit. Prior to
393 approving any such merger or consolidation, the commissioner may
394 hold a hearing upon the fairness of the terms and conditions of the
395 proposed merger or consolidation after such notice as, under the

396 circumstances, the commissioner deems appropriate and shall find
397 that the interests of the policyholders and the interests of the
398 stockholders, if any, are protected. Such merger or consolidation may
399 be effected either in accordance with the provisions of the general
400 statutes relating to merger or consolidation of corporations organized
401 under the general statutes or in accordance with any provisions in the
402 charters of the companies merging or consolidating relating to merger
403 or consolidation. All expenses in connection with the proceedings shall
404 be borne by the resulting corporation.

405 (b) The domestic or foreign subsidiary of an existing domestic
406 mutual holding company, as defined in section 38a-156, may, with the
407 prior approval of the commissioner, merge with a foreign mutual
408 insurer in accordance with the provisions of this section.

409 (c) In the event of any merger or consolidation that is for the
410 purpose or has the effect of acquiring control of a domestic insurance
411 company, the provisions of sections 38a-129 to 38a-140, inclusive, shall
412 apply.

413 (d) The commissioner may permit the formation of a domestic
414 insurance company that is established for the sole purpose of merging
415 or consolidating with an existing domestic insurer simultaneously
416 with a division authorized by section 2 of this act. Upon request of the
417 dividing insurer, as defined in section 1 of this act, the commissioner
418 may waive the requirements of subsections (a) to (c), inclusive, of this
419 section and section 38a-41. Each insurer formed under this subsection
420 shall be deemed to exist before a merger and division under this
421 section becomes effective, but solely for the purpose of being a party to
422 such merger and division. The commissioner shall not require that
423 such insurer be licensed to transact insurance business in this state
424 before such merger and division. All insurance policies, annuities or
425 reinsurance agreements allocated to such insurer shall become the
426 obligation of the resulting insurer, as defined in section 1 of this act,
427 when the merger and division become effective. The plan of merger
428 shall be deemed to have been approved by such insurer if the dividing

429 insurer approved such plan. The certificate of merger shall state that it
430 was approved by the insurer formed under this subsection.

431 Sec. 11. Subsection (a) of section 33-856 of the general statutes is
432 repealed and the following is substituted in lieu thereof (*Effective*
433 *October 1, 2017*):

434 (a) A shareholder is entitled to appraisal rights, and to obtain
435 payment of the fair value of that shareholder's shares, in the event of
436 any of the following corporate actions:

437 (1) Consummation of a merger to which the corporation is a party
438 (A) if shareholder approval is required for the merger by section 33-
439 817 and the shareholder is entitled to vote on the merger, except that
440 appraisal rights shall not be available to any shareholder of the
441 corporation with respect to shares of any class or series that remain
442 outstanding after consummation of the merger, or (B) if the
443 corporation is a subsidiary and the merger is governed by section 33-
444 818;

445 (2) Consummation of a share exchange to which the corporation is a
446 party as the corporation whose shares will be acquired, if the
447 shareholder is entitled to vote on the exchange, except that appraisal
448 rights shall not be available to any shareholder of the corporation with
449 respect to any class or series of shares of the corporation that is not
450 exchanged;

451 (3) Consummation of a disposition of assets pursuant to section 33-
452 831 if the shareholder is entitled to vote on the disposition, except that
453 appraisal rights shall not be available to any shareholder of the
454 corporation with respect to shares of any class or series if (A) under the
455 terms of the corporate action approved by the shareholders there is to
456 be distributed to shareholders in cash its net assets, in excess of a
457 reasonable amount reserved to meet claims of the type described in
458 sections 33-886 and 33-887, (i) within one year after the shareholders'
459 approval of the action, and (ii) in accordance with their respective
460 interests determined at the time of such distribution, and (B) the

461 disposition of assets is not an interested transaction;

462 (4) An amendment of the certificate of incorporation with respect to
463 a class or series of shares that reduces the number of shares of a class
464 or series owned by the shareholder to a fraction of a share if the
465 corporation has the obligation or right to repurchase the fractional
466 share so created;

467 (5) If the corporation is not a benefit corporation, as defined in
468 section 33-1351, (A) an amendment of the certificate of incorporation to
469 state that the corporation is a benefit corporation; (B) consummation of
470 a merger to which the corporation is a party in which the surviving
471 entity will be a benefit corporation or in which shares in the
472 corporation will be converted into a right to receive shares of a benefit
473 corporation; or (C) consummation of a share exchange to which the
474 corporation is a party and the shares of the corporation will be
475 exchanged for shares of a benefit corporation; [or]

476 (6) Consummation of a division, as defined in section 1 of this act, to
477 which the corporation is a party, provided any such appraisal is
478 subject to the limitations of section 8 of this act; or

479 ~~[(6)]~~ (7) Any other merger, share exchange, disposition of assets or
480 amendment to the certificate of incorporation to the extent provided by
481 the certificate of incorporation, the bylaws or a resolution of the board
482 of directors.

483 Sec. 12. Subsection (l) of section 33-608 of the general statutes is
484 repealed and the following is substituted in lieu thereof (*Effective*
485 *October 1, 2017*):

486 (l) As used in this subsection, "filed document" means a document
487 filed with the Secretary of the State under any provision of sections 33-
488 600 to 33-998, inclusive, except sections 33-920 to 33-937, inclusive, and
489 section 33-953, and "plan" means a plan of merger, [or] plan of share
490 exchange or plan of division, as described in section 2 of this act.
491 Whenever a provision of sections 33-600 to 33-998, inclusive, or section

492 2 of this act permits any of the terms of a plan or filed document to be
493 dependent on facts objectively ascertainable outside the plan or filed
494 document, the following provisions apply:

495 (1) The manner in which the facts will operate upon the terms of the
496 plan or filed document shall be set forth in the plan or filed document;

497 (2) The facts may include, but are not limited to (A) any of the
498 following that is available in a nationally recognized news or
499 information medium either in print or electronically: Statistical or
500 market indices, market prices of any security or group of securities,
501 interest rates, currency exchange rates, or similar economic or financial
502 data, (B) a determination or action by any person or body, including
503 the corporation or any other party to a plan or filed document, or (C)
504 the terms of, or actions taken under, an agreement to which the
505 corporation is a party, or any other agreement or document;

506 (3) The following provisions of a plan or filed document may not be
507 made dependent on facts outside the plan or filed document: (A) The
508 name and address of any person required in a filed document; (B) the
509 registered office of any entity required in a filed document; (C) the
510 registered agent of any entity required in a filed document; (D) the
511 number of authorized shares and designation of each class or series of
512 shares; (E) the effective date of a filed document; and (F) any required
513 statement in a filed document of the date on which the underlying
514 transaction was approved or the manner in which such approval was
515 given; and

516 (4) If a provision of a filed document is made dependent on a fact
517 ascertainable outside of the filed document, and such fact is not
518 ascertainable by reference to a source described in subparagraph (A) of
519 subdivision (2) of this subsection or a document that is a matter of
520 public record, or the affected shareholders have not received notice of
521 the fact from the corporation, then the corporation shall file with the
522 Secretary of the State a certificate of amendment setting forth the fact
523 promptly after the time when the fact referred to is first ascertainable
524 or thereafter changes. Certificates of amendment under this

525 subdivision are deemed to be authorized by the authorization of the
526 original plan or filed document to which they relate and may be filed
527 by the corporation without further action by the board of directors or
528 the shareholders.

529 Sec. 13. Subdivision (6) of section 38a-838 of the general statutes is
530 repealed and the following is substituted in lieu thereof (*Effective*
531 *October 1, 2017*):

532 (6) "Insolvent insurer" means an insurer (A) (i) licensed to transact
533 insurance in this state at the time the policy was issued, when it
534 assumed the obligation for the covered claim or when the insured
535 event occurred, and (ii) against which a final order of liquidation with
536 a finding of insolvency has been entered by a court of competent
537 jurisdiction in the insurer's state of domicile; (B) that is (i) the legal
538 successor of an insurer that was licensed to transact insurance in this
539 state either at the time the policy was issued or when the insured event
540 occurred, by reason of a merger, provided such merger is approved by
541 an insurance regulator having jurisdiction over such merger, and (ii)
542 against which a final order of liquidation with a finding of insolvency
543 has been entered by a court of competent jurisdiction in the insurer's
544 state of domicile; or (C) that (i) succeeds to the policy obligations of an
545 insurer that was licensed to transact insurance in this state either at the
546 time the policy was issued or when the insured event occurred, by
547 reason of a division whereby policies issued by such licensed insurer
548 are [transferred to an] allocated to or otherwise become the obligation
549 of a successor insurer, provided such division is approved (I) in a
550 jurisdiction that allows such division, and (II) by an insurance
551 regulator having jurisdiction over such division, and (ii) against which
552 a final order of liquidation with a finding of insolvency has been
553 entered by a court of competent jurisdiction in the succeeding insurer's
554 state of domicile. "Insolvent insurer" shall not be construed to mean
555 any insurer with respect to which an order, decree, judgment or
556 finding of insolvency, whether permanent or temporary in nature, or
557 order of rehabilitation or conservation has been issued by a court of
558 competent jurisdiction prior to October 1, 1971;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	New section
Sec. 2	<i>October 1, 2017</i>	New section
Sec. 3	<i>October 1, 2017</i>	New section
Sec. 4	<i>October 1, 2017</i>	New section
Sec. 5	<i>October 1, 2017</i>	New section
Sec. 6	<i>October 1, 2017</i>	New section
Sec. 7	<i>October 1, 2017</i>	New section
Sec. 8	<i>October 1, 2017</i>	New section
Sec. 9	<i>October 1, 2017</i>	New section
Sec. 10	<i>October 1, 2017</i>	38a-153
Sec. 11	<i>October 1, 2017</i>	33-856(a)
Sec. 12	<i>October 1, 2017</i>	33-608(l)
Sec. 13	<i>October 1, 2017</i>	38a-838(6)

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 18 \$	FY 19 \$
Insurance Dept.	GF - Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill allows a domestic insurer to divide into two or more insurers and would result in a revenue gain for the state. It is unknown how many insurance companies would utilize this new law, but if a domestic insurer were to divide, the following fees would be imposed on the new resulting insurer(s) and would be deposited into the General Fund:

1. A \$200 annual fee for a domestic insurance company license.
2. A \$50 fee for receiving and filing annual reports.
3. A \$220 fee for filing all documents prerequisite to the issuance of a license to an insurance company.

Additionally, any expenses incurred by the Department of Insurance Commissioner in reviewing divisions will be paid by the insurers and will not result in fiscal impact to the state.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 7025*****AN ACT AUTHORIZING DOMESTIC INSURERS TO DIVIDE.*****SUMMARY**

This bill allows a domestic insurer to divide into two or more insurers and allocate assets and obligations, including insurance policies, to the new companies (i.e., “new” or “resulting” insurers). It does so by creating a process that is legally distinct from a merger, consolidation, dissolution, or formation. Resulting insurers are deemed legal successors to the dividing insurer and any assets and obligations are allocated to them as a result of succession and not by transfer.

The bill requires dividing insurers to develop a plan of division, which must be approved first by the dividing insurer and then by the insurance commissioner. The bill establishes the plan’s required components, and specifies the effects of the division, including how obligations and interests are allocated. It also:

1. prohibits the commissioner from approving a plan unless each new insurer that will be created by the division is issued a license,
2. specifies how the commissioner must apply the state’s Uniform Fraudulent Transfer Act (UFTA) in assessing the division,
3. makes certain documents submitted to her for the division confidential and unavailable for public inspection, and
4. requires the dividing insurer to pay for any division-related expenses the commissioner incurs.

The commissioner may, simultaneous to approving a division, permit the formation of a domestic insurer established for the sole

purpose of merging or consolidating with an existing domestic insurer.

The bill also authorizes the commissioner to adopt implementing regulations and makes conforming changes.

EFFECTIVE DATE: October 1, 2017

PLAN OF DIVISION

Components (§ 2)

Under the bill, an insurer may divide into two or more resulting insurers (i.e., a new insurer or a dividing insurer that survives a division) according to a plan of division, subject to the commissioner's approval. The plan must include:

1. the name of the domestic insurer seeking to divide and resulting insurers that the proposed division creates;
2. for each resulting insurer, the proposed "private organic rules" and, if the insurer will be a filing entity, the proposed "public organic document" (see below);
3. the allocation of (a) property that will not be commonly owned by all resulting insurers and (b) policies and other liabilities of the domestic insurer to which not all of the resulting insurers will be jointly and severally liable;
4. how interests in the new insurers will be distributed among the dividing insurer or its interest holders;
5. a reasonable description of policies, liabilities, "capital," "surplus," and other "property" proposed to be allocated to resulting insurers;
6. all terms and conditions required by state law and the dividing insurer's "organic rules;" and
7. all other terms and conditions of the division.

Under the bill, "private organic rules" are rules, whether or not they

are in a record (i.e., inscribed on a tangible medium, stored electronically, or by other means, and retrievable in perceivable form) that govern the internal affairs of an entity, are binding on all of its interest holders, and are not part of the entity's public organic document, if any. "Public organic document" is the public record and any amendments or restatements, the filing of which creates an entity. "Capital" is the capital stock component of statutory surplus, as defined in the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual. "Property" is all property, including real, personal, mixed, tangible, or intangible, and includes any right or interest to any property, including rights under contracts or binding agreements. "Surplus" is the total statutory surplus, less capital stock, adjusted for the par value of any treasury stock, calculated in accordance with the NAIC manual.

The bill requires the plan to include additional information based on whether the insurer will survive the division. If so, the plan must also include:

1. all proposed amendments, if any, to the dividing insurer's public organic documents and private organic rules;
2. if the dividing insurer intends to cancel some, but not all, "interests" in the dividing insurer, the way it will cancel the interests; and
3. if the dividing insurer intends to convert some, but not all, interests in the dividing insurer into any combination of interests, securities, obligations, money, other property, interest or security acquisition rights, a statement disclosing how it will convert these interests.

Under the bill, "interests" means a governance or transferable interest in an unincorporated entity or a share or membership in a corporation. A "governance interest" is the right under an entity's organic law or rules, other than as governor, agent, assignee, or proxy, to (1) receive or demand access to entity information, including the

books and records; (2) vote for the election of the entity's governors; or (3) receive notice of or vote in the entity's internal affairs or other issues. A "transferable interest" is the right under an entity's organic law to receive distributions from the entity.

If the domestic insurer will not survive the division, the plan must include how the dividing insurer will cancel or convert its interests in the dividing insurer into interests, securities, obligations, money, other property, interests or securities acquisition rights, or any combination of these.

The bill allows a plan of division's terms to be made dependent on objectively ascertainable facts outside the plan. The bill subjects the plans to certain existing requirements for corporate documents filed with the secretary of state, including what constitutes objectively ascertainable facts.

Approving and Filing the Plan (§ 3)

The bill prohibits an insurer from filing a plan of division with the commissioner unless it has been approved in accordance with the insurer's organic rules or, if its organic rules do not provide for division approval, all organic laws and rules for approval of a merger. "Organic law" is any section of the general statutes governing the dividing insurer's internal affairs, excluding the bill's provisions and certain entity merger, conversion, and domestication laws, and "Organic rules" are the private organic rules and public organic document of the dividing insurer.

The bill authorizes insurers to file plans without the approval of interest holders unless:

1. the dividing insurer's organic rules require such approval;
2. the plan amends the organic rules to require it; or
3. either (a) the dividing insurer will not survive the division and all interests and other securities and obligations of the new

insurer will be owned solely by the dividing insurer or (b) the domestic insurer has only one class of interests outstanding and the interests and other securities and obligations of each new insurer will not be proportionally distributed to the interest holders.

In certain circumstances, the bill requires divisions to be treated as mergers. If an insurer's organic rules adopted before October 1, 2017 require a specific number or percentage of governors or interest holders to approve a merger, or impose other special procedures for a merger proposal or adoption, the insurer must adhere to the merger provisions in proposing or adopting a plan of division.

Additionally, if the dividing insurer has any debt or obligations that (1) require the obligee's consent to a merger or (2) treat a merger as a default, these apply to the division as if it was a merger. This applies to any debt security, secured or unsecured note or similar evidence of indebtedness for money borrowed, indenture, or other contract relating to indebtedness, or provisions of any other type of contract other than an insurance policy, annuity, or reinsurance agreement issued, incurred, or executed by the domestic insurer before October 1, 2017. The bill specifies that any provisions of such debt or the dividing insurer's organic rules concerning merger approvals that are amended on or after October 1, 2017 must apply to a division only in accordance with its express terms.

Commissioner Approval (§ 4)

Under the bill, a division is not effective until approved by the insurance commissioner. She may first, if she deems it to be in the public interest, require reasonable notice and a public hearing. (With certain exceptions, the bill requires hearings to be conducted according to the state's Uniform Administrative Procedure Act.) Upon approving the plan, she must issue a certificate of approval to the dividing insurer.

The commissioner must approve a plan of division unless she finds

the:

1. interest of any policyholder or interest holder will not be adequately protected; or
2. proposed division constitutes a fraudulent transfer under the state's Uniform Fraudulent Transfer Act (UFTA), which is designed to protect creditors (see BACKGROUND).

If the dividing insurer will survive the proposed division, the commissioner must apply UFTA to the dividing insurer only in its capacity as a resulting insurer. The bill prohibits the commissioner from applying UFTA to the dividing insurer if it will not survive the proposed division.

In applying UFTA to each resulting insurer, the commissioner must treat (1) the resulting insurer as a debtor, (2) liabilities allocated to the resulting insurer as obligations incurred by a debtor, (3) the resulting insurer as not having received a reasonably equivalent value in exchange for incurring such obligations, and (4) property allocated to the resulting insurer as remaining property.

Confidentiality (§ 4)

Except for a plan of division and its incorporated materials, the bill requires all information, documents, materials, and copies submitted to, obtained by, or disclosed to the commissioner in connection with a plan's approval to be confidential and not available for public inspection.

Expenses (§ 4)

Dividing insurers must pay all expenses incurred by the commissioner in connection with a division, including expenses for attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as may be reasonably necessary to conduct the review. The bill allows a dividing insurer to allocate these expenses in a plan of division in the same manner as any other liability (e.g., assign them to one of the newly created companies).

Licensure (§ 4)

The bill appears to require new insurers to meet current state licensing requirements. It does so by prohibiting the commissioner from approving a plan unless she has issued licenses to the new insurers that will be created by the division. However, she may waive licensing requirements if the new insurer is a non-surviving party to a merger.

Non-Surviving Party to a Merger (§§ 4 & 10)

The bill establishes conditions under which the commissioner may approve the creation of a new insurer, as a party to a merger or division that is exempt from state licensure requirements. The commissioner may, simultaneously with approving a division, permit the formation of a domestic insurer established for the sole purpose of merging or consolidating with an existing domestic insurer. An insurer formed in this way is deemed to exist before the merger and division take effect, but only to be a party to the merger and division, and any policies, annuities, or reinsurance agreements allocated to this insurer must become obligations of the resulting insurer when the division and merger are effective. In such cases, the bill (1) allows the commissioner, upon request of the dividing insurer, to waive existing licensing, merger, consolidation, and other state insurance laws and (2) exempts such insurers from licensure requirements. The bill deems the plan of merger approved by the new insurer, if it was approved by the dividing insurer as part of the division.

By law, an insurance company merger is not effective until a certificate of merger is filed with the secretary of state (CGS § 38a-154). The bill requires this certificate to state that the merger was approved pursuant to these provisions.

Certificate of Division (§ 5)

This bill requires the commissioner to issue a certificate of approval for an approved division to the dividing insurer on a form she prescribes. Once approved, the dividing insurer's officer or duly authorized representative must sign a certificate of division, which

must be delivered to the secretary of state. The certificate of division is effective when filed with the secretary or on another date that is (1) specified in the plan of division and (2) within 90 days after the filing. A division is effective when the certificate takes effect.

The certificate of division must include:

1. the name of the dividing insurer and each new insurer created by the division;
2. whether the dividing insurer will survive the division;
3. the division's effective date (which must be within 90 days after the certificate's filing);
4. statements that the dividing insurer and commissioner, respectively, approved the division in accordance with the bill's provisions; and
5. a reasonable description of the dividing insurer's capital, surplus, other property and policies, and other liabilities allocated to resulting insurers.

In certain circumstances, the certificate must include additional information. If the dividing insurer:

1. survives, the certificate must include any amendments to its public organic documents approved as part of the plan of division;
2. survives and is a filing entity (i.e., an entity created by filing a public organic document), the certificate must include each new insurer's public organic documents, excluding the name and address of an incorporator of a corporation, organizer of a limited liability company, or similar person with respect to other entities; and
3. is a domestic limited liability partnership, the certificate must include its certificate of limited liability partnership.

The new insurer's public organic document, if any, must satisfy state law. However, the bill specifies that it does not need to be signed or include any provision unnecessary for a restatement of the document.

AMENDING OR ABANDONING A PLAN OF DIVISION

The bill allows an insurer, under certain circumstances, to amend or abandon a plan of division.

Amending a Plan (§ 2)

A dividing insurer may amend a plan in accordance with the plan's procedures. Absent such procedures, a dividing insurer may amend the plan in any manner determined by the dividing insurer's governors. (The bill defines a governor as a person under whose authority an entity's powers are exercised and under whose direction the entity's business and affairs are managed.)

Under the bill, an interest holder that was entitled to vote on or consent to approval of the plan of division is entitled to do so with regard to any amendment changing:

1. the amount or kind of interests, securities, obligations, money, other property, interests or securities acquisition rights, that interest holders receive;
2. the resulting insurer's public organic document or private organic rules that will be in effect after the division, except for changes that do not require interest holder approval under its organic law or rules; or
3. any other terms or conditions of the plan that, if changed, would adversely affect the interest holders in any material respect.

Abandoning a Plan of Division (§ 2)

A dividing insurer may abandon an approved plan of division without any action by the interest holders and in accordance with the plan's procedures, or in the absence of procedures, as determined by

the dividing insurer's governors.

If the dividing insurer has already delivered a certificate of division to the secretary, it may abandon the plan by delivering to her a certificate of abandonment. The certificate of abandonment is effective once filed, upon which the dividing insurer is deemed to have abandoned the division.

The bill prohibits a dividing an insurer from abandoning a plan of division once it becomes effective.

EFFECTS OF A DIVISION

Effects (§ 6)

The bill establishes the effects of the division. When it takes effect:

1. If the dividing insurer survives the division, it continues its corporate existence and its public organic document and private organic rules, if any, must be amended in accordance with the certification of division.
2. If the dividing insurer does not survive the division, it ceases to exist.
3. Each new insurer created by the division comes into existence and must hold any capital, surplus and other property allocated to it as a successor to the dividing insurer, and not by transfer. Its public organic document and private organic rules become effective and, if it is a limited liability partnership, its partnership becomes effective as well.
4. The dividing insurer's capital, surplus, and other property (a) vests, if it is allocated by the plan of division, in resulting insurers according to the plan or remains vested in the dividing insurer; (b) if it is not not allocated by the plan, it remains vested in the dividing insurer, if the dividing insurer survives, or is allocated to, and vests equally in, the resulting insurers as tenants in common if the dividing insurer does not survive; or

- (c) vests in accordance with the bill's provisions without transfer, reversion or impairment.
5. The dividing insurer's policies and other liabilities are allocated to resulting insurers, as discussed below, as successors to the dividing insurer and not by transfer. The bill defines "transfer" to include an assignment, conveyance, sale, lease, and encumbrance, including a mortgage or security interest, gift, or transfer by operation of law.
 6. Interests in the dividing insurer that are converted or canceled by the division are converted or canceled, and interest holders are entitled only to the rights provided to them under the plan of division and any appraisal rights granted by the bill (see below).
 7. Upon a division's effective date, a resulting insurer to which a cause of action is allocated may be substituted or added in any pending action or proceeding to which the dividing insurer is a party when the division becomes effective.

Insurer Responsibility (§ 7)

When a division becomes effective, resulting insurers are responsible for:

1. individually, the policies and other liabilities the resulting insurer issues, undertakes, or incurs in its own name after the division;
2. individually, the policies and other liabilities allocated to or remaining with it by the plan of division; and
3. jointly and severally with the other resulting insurers, the dividing insurer's policies and other liabilities not allocated by the plan.

If a division breaches a dividing insurer's obligation, all of the resulting insurers are liable, jointly and severally, for the breach. However, the bill specifies that the breach does not affect the validity

and effectiveness of the division.

Additionally, under the bill:

1. direct and indirect allocation of capital, surplus, property, or policies or other liabilities in a division does not constitute a distribution under the dividing or resulting insurer's organic law;
2. the dividing insurer's liens, security interests and other charges on the capital, surplus or other property are not impaired by the division, regardless of any otherwise enforceable allocation of policies or other liabilities.

Collateral (§ 6)

Under the bill, any capital, surplus, or other property allocated to a new insurer that is collateral for an existing, effective financing statement is not effective until a new financing statement, naming the new insurer as a debtor, is effective under the Uniform Commercial Code.

Resulting insurers are bound by any dividing insurer's security agreement that attaches security interest to after-acquired collateral. This provision applies to binding security agreements governed by Article 9 of the Uniform Commercial Code, as enacted in any jurisdiction.

Limitations (§ 6)

Under the bill and except as provided in the dividing insurer's organic law or rules, the division does not grant any rights that an interest holder, governor, or third party would have upon a dissolution, liquidation, or winding up of the dividing insurer.

The interests in, and any securities of, the new insurers must be distributed to the dividing insurer, if it survives the division. If it does not, the interests and securities of the new insurer must be distributed to the holders of common interest or other residuary interest that do

not assert proportional appraisal rights. However, the plan of division may specify alternative methods of distributing these interests and securities.

Except in accordance with the plan and approved by the commissioner, an allocation of a policy or other liability does not:

1. affect the rights of a policyholder or creditor owed payment on the policy, or payment of any other type of liability or performance of the obligation that creates the liability, except that those rights are available only against a resulting insurer responsible for the policy, liability or obligation; or
2. release or reduce the obligation of a reinsurer, surety, or guarantor of the policy, liability, or obligation.

SHAREHOLDER, STOCKHOLDER, AND INTEREST HOLDER RIGHTS

Appraisal Rights and Fair Value (§ 8)

Under the bill, a dividing insurer's shareholders are entitled to (1) appraisal rights and (2) if the dividing insurer is a business corporation, payment of the fair value of their shares.

If the dividing insurer is not a business corporation, an interest holder is entitled to contractual appraisal rights to the extent provided by the dividing insurer's organic rules or plan of division, or by action of its governors. In such a case, and if the dividing insurer's organic law does not include provisions for conducting appraisal rights proceedings, the bill specifies that state appraisal rights laws apply to the extent practicable or as otherwise provided in the insurer's organic rules or plan of division.

BACKGROUND

UFTA

The Uniform Fraudulent Transfer Act (CGS Sec. 52-552 et. seq.) protects creditors by, among other things, providing ways to determine and prohibit certain fraudulent transfers. It provides criteria

for determining transfers that are fraudulent as to present creditors, identifies factors to consider in determining actual intent to defraud, and prohibits transfers made either with the intent to defraud or without receiving a reasonably equivalent value in exchange for the transfer under certain economic conditions.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 15 Nay 5 (03/07/2017)